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SUBJECT: TAMIL NADU EGG EXPORTERS PUSH FOR REGIONALIZATION
SOLUTION

¶1. (SBU) Summary: The South India state of Tamil Nadu produces the bulk of India's egg exports and has not experienced a single case of avian influenza (AI). AI outbreaks in other parts of India, however, have caused the state's main export markets in the Arabian Gulf and elsewhere to close periodically with blanket bans on Indian poultry products. Some of the state's big producers are encouraging the GOI to approve a "regionalization" program that will allow Tamil Nadu's producers to export even when outbreaks of AI occur in other states in India. India does not recognize the US Department of Agriculture's regionalization certification, and Tamil Nadu's push -- if successful -- might help the USG gain Indian acceptance of this concept. End Summary.

The big egg

¶2. (SBU) Poultry farmers in Tamil Nadu, which produce 70 percent of India's egg exports (some 5 million eggs per day), continue to look for ways to export to lucrative foreign markets (particularly in the Arabian Gulf) in the face of most countries' bans on Indian poultry products due to outbreaks of avian influenza (AI) in northeastern India. One possible solution would be the creation in India of a "regionalization" program similar to that in the United States that could certify certain regions as disease-free while other regions might suffer an outbreak.

Promoting a regional solution . . .

¶3. (SBU) The managing director of VKS Exports (a large poultry exporting firm) told Consulate Chennai that Tamil Nadu's poultry producers have succeeded in persuading the GOI's Ministry of Agriculture (MoAg) to initiate just such a program at the urging of a delegation of importers from Oman. Under this regionalization program, Tamil Nadu's Department of Agriculture would inspect individual firms to certify their AI-free status, he said. The exporter also told us that the MoAg has already applied to the World Organization for Animal Health (OIE) for recognition of the program, and that he expects MoAg to issue the necessary notification in the next few months. (Local officials in Tamil Nadu tend to use the term "zoning" instead of the term "regionalization," which is the terminology used by the OIE and U.S. Department of Agriculture.)

. . . But obstacles abound

¶4. (SBU) Other experts in the field we spoke with were less optimistic about such a program coming on-line in the near future. The managing director of India's largest egg powder manufacturer told us that he doubted any decision on this issue would take place before the upcoming national elections, but said that his company would certainly apply for the certification if the MoAg issued a notification.

15. (SBU) A Tamil Nadu Animal Husbandry Department official told us that there is still "some way to go" before a certification procedure can be implemented. He said that MoAg is still waiting to hear from the OIE as to whether a firm-based certification is possible, since the OIE currently recognizes only geographical certifications. He also noted that the firm-based certification plan would mainly help the large, corporate farms (like VKS Exports) at the expense of the many small farmers who currently pool their eggs under a particular brand and may not be able to afford the certification procedures. This, he noted, could hurt rural employment and have serious negative political consequences for the current state government, making it less likely that it will ultimately support this initiative.

Comment:

16. (SBU) We are skeptical that the GOI is as close to approving a regionalization program as some of the exporters would like to believe, primarily because the system as described would exclude potential shipments from the politically important state of West Bengal. The upcoming elections, potential political/labor problems, and the GOI's historical reluctance to recognize regionalization programs in countries that could become exporters of poultry to India (such as the United States), only add to the difficulty. Furthermore, for regionalization to be recognized by many importing countries, the process would need to be consistent with international norms. It is useful to note, however, that the regionalization concept has powerful political advocates in South India who are likely to continue to push for it even in the face of bureaucratic resistance. We will continue to watch developments closely and look for ways to leverage this regionalization

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initiative for the benefit of USG interests.

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